

Message Text

PAGE 01 SEOUL 03247 080716Z

21

ACTION EA-06

INFO OCT-01 SS-14 ISO-00 INR-05 PM-03 PRS-01 SP-02 L-01

H-02 EB-03 OES-02 IO-03 ACDA-10 OMB-01 NSC-05 NSCE-00

CIAE-00 DODE-00 /059 W

----- 062462

R 080606Z MAY 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9933

C O N F I D E N T I A L SEOUL 3247

LIMDIS/NOFORN

EO 11652: GDS

TAGS: EGEN, KS

SUBJECT: CONVERSATION WITH DEPUTY PRIME MINISTER, NAM DUCK WOO

1. AT NAM'S REQUEST, I HAD BRIEF PRIVATE TALK WITH WHICH HE UNVEILED HIS BASIC CONCERNS, OUTSIDE IMMEDIATE ECONOMIC PROBLEMS.
2. NAM MENTIONED, AS INITIAL CONCERN, IMPACT OF RISING DEFENSE COSTS ON KOREAN BALANCE OF PAYMENTS PROBLEM. WHILE HE WAS CONFIDENT THAT HE COULD MEET HIS IMMEDIATE FOREIGN EXCHANGE REQUIREMENTS, HE WAS TROUBLED BY CONSTANT MINISTRY OF NATIONAL DEFENSE (MND) REQUESTS FOR WEAPONS PROCUREMENT ABROAD. HE SAID THAT HE HAD CATEGORICALLY REJECTED THE DEMANDS OF THE MND FOR INCREASED BUDGETARY EXPENDITURES AND THAT HE HAD SUCCEEDED IN REDUCING AN MND REQUEST FOR FOREIGN EXCHANGE FINANCING FROM 200 MILLION DOLLARS TO 100 MILLION DOLLARS. HE THOUGHT PRESIDENT PARK WAS GENERALLY "ON HIS SIDE" IN HIS EFFORTS TO CONTAIN DEFENSE SPENDING AT REASONABLE LEVELS BUT THAT HE FEARED CONTINUED PRESSURE FOR ADDITIONAL FINANCING.
3. I REPLIED THAT MUCH OF HIS PROBLEM STEMMED FROM MND DESIRES FOR WEAPONS SYSTEMS WITHOUT ADEQUATE STUDY OF THEIR CONFIDENTIAL

PAGE 02 SEOUL 03247 080716Z

COST EFFECTIVENESS. WE HAD FACED SIMILAR PROBLEMS IN THE UNITED STATES, BUT HAD DEVELOPED A SYSTEMS ANALYSIS APPROACH TO MILITARY PROCUREMENT WHICH DID MUCH TO ALLEVIATE THE SITUATION. NAM AGREED THAT SUCH AN APPROACH WAS ESSENTIAL

BUT KOREA LACKED ADEQUATELY TRAINED PERSONNEL TO PROVIDE A RATIONAL SYSTEMS ANALYSIS APPROACH TO DEFENSE EXPENDITURES.

4. I TOLD HIM THAT PROBABLY WE COULD ASSIST THE ROKG IN OBTAINING SUCH TRAINING IF REASONABLY QUALIFIED PEOPLE WERE AVAILABLE FOR TRAINING IN THE UNITED STATES, AND IT MIGHT BE POSSIBLE TO INVITE SOME SPECIALISTS TO KOREA TO ASSIST IN ESTABLISHING AN ADEQUATE SYSTEM WITHIN THE ROKG. NAM THOUGHT SUCH ASSISTANCE WOULD CONTRIBUTE SIGNIFICANTLY TOWARD SOLVING THIS PROBLEM.

5. NAM THEN TURNED TO THE NEED FOR ESTABLISHING AN ADEQUATE EMERGENCY PETROLEUM RESERVE IN KOREA. NAM INDICATED THAT HE WAS UNDER PRESSURE TO BUDGET FOR THE CONSTRUCTION OF ADEQUATE STORAGE FACILITIES, BUT HOPED THERE WOULD BE LESS EXPENSIVE SOLUTION, PERHAPS IF THE U.S. COULD PROVIDE SOME ASSURANCES ON PETROLEUM SUPPLY IN EVENT OF HOSTILITIES. I PROMISED TO LOOK INTO THIS MATTER FOR HIM.

6. NAM CONCLUDED HIS REMARKS BY STATING THAT THE ROKG WAS MOST FEARFUL OF THE POSSIBILITY OF AN EMERGENCY SITUATION DEVELOPING IN KOREA WHICH WOULD DISCOURAGE THE FLOW OF CAPITAL INTO THE COUNTRY. THIS WOULD RESULT IN A RAPID DRYING UP OF THEIR LINES OF CREDIT WITHIN THE INTERNATIONAL BANKING SYSTEM. HE SAID THE NORTH KOREANS HAVE THE CAPABILITY OF CREATING AN EMERGENCY SITUATION ON THE PENINSULA WITHOUT ACTUALLY EMBARKING ON A MAJOR ADVENTURE. I REPLIED THAT WE WERE FULLY AWARE OF THESE FEARS WITHIN THE ROKG, CONSIDERED SOME CONCERNS OVEREXAGGERATED AND THAT WE SHARED THE VIEW THAT A CONTRIVED EMERGENCY ATMOSPHERE WOULD HAVE MOST SERIOUS ECONOMIC IMPLICATIONS.

7. COMMENT: NAM FACES CONSTANT PRESSURE OF JUGGLING ECONOMIC REQUIREMENTS WITH INCREASING REQUIREMENTS FOR MILITARY EQUIPMENT INVOLVING HIGHER COSTS, TECHNOLOGY AND FOREIGN EXCHANGE OUTPUTS. HIS FEARS OF NORTH KOREAN
CONFIDENTIAL

PAGE 03 SEOUL 03247 080716Z

POTENTIAL FOR MANIPULATING CRISIS SITUATION TO DETRIMENT OF BANKING SUPPORT ARE ALSO LEGITIMATE, AND IN FACT ABETTED BY ROKG TENDENCIES TO OVERSTATE NK THREAT, ABOUT WHICH I WARNED NAM. NAM CAN BE EXTREMELY HELPFUL IN MODERATING BOTH PRESSURES FOR UNNECESSARY MILITARY PROCUREMENT AND OVERSTATEMENT OF THREAT. I WOULD RECOMMEND THEREFORE: A) AN EARLY OFFER OF SYSTEMS ANALYSIS SUPPORT FOR MND WHICH IT WOEFULLY NEEDS; B) CONSIDERATION OF PETROLEUM RESERVE PROBLEM RAISED BY NAM; C) PROVISION OF INTELLIGENCE ASSESSMENT ON NORTH KOREAN THREAT.
SNEIDER

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY BUDGET, ARMS, PROCUREMENT, PETROLEUM, SUPPLIES, DIPLOMATIC DISCUSSIONS, BALANCE OF PAYMENTS, FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SEOUL03247
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750161-0596
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505104/baaaauif.tel
Line Count: 108
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by ShawDG>; APPROVED <19 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EGEN, KS, (NAM DUCK WOO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006